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Glen Young [texan2456@yahoo.com] From:

Monday, June 21, 2004 9:03 PM Sent:

Director - FASB To:

Subject: Stock Options Program Changes

Letter of Comment No: 5038 File Reference: 1102-100

Hello My name is Marty G. Youngblood which I'm currently a contractor of the company I've copied the email below of. I've worked for this company as PERMANENT EMPLOYEE twice since '96 and LAID OFF both times, just to be hired back on as a temporary employee again. My BEEF with this and most Corporate incentive programs with stock options is this. Yes, it does attract the employees, but it's just that, and attraction because in every case I've received them it was for:

1) HARD WORK and beyond the normal contributer in my work group.

2) In lieu of raises in HARD TIMES to keep me on and not look else where for another job.

I'd received well over 5,000 share but with the 4 year vesting program. Each time these incentives were taken away when they laid off me and others before our vesting was complete. Out of that 5,000 shares I actually vested for around 450 shares worth practically nothing but maybe \$3 to \$4 profit after sale.....then the taxes ate up almost the rest of it. I feel they should have to report it as a liability, not assets/cash available. This is a RECKLESS incentive the Corporations use as basically FRAUD on behalf of the employees and stock holders and investors. I also feel the law should be changed to where if they've offered up these options in attempts to provide financial rewards for HARD WORK, and when they Anni them up in lieu of raises.....that if they lay you off for any reason other than TRUE VIOLATIONS of company policies (not drummed up in order to cheat you out of those options) that they should have to opt/buy your options from you and deliver the cash value into the employees pocket. After all, you earned them and because your stayed and contributed to the corporation, they are the would violating the TRUST and INCENTIVES PROGRAM.....and it depicts the very essence of FRAUD when they've choose to eliminate you NOW....when they were bribing you to stay without actually giving up a dime they promised. I thought I'd share the internal JIVE memo of how WRONG the accounting principals would be if the RULES are changed......COME ON GIVE ME A BREAK......they ABUSE the program to the MAX as it ALREADY set-up....it's time to put a collar on the DOG and make it quite teasing and terrorizing the neighborhoods!

Yours Truly Marty G. Youngblood

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Interoffice Correspondence

TO: All Employees DATE: June 17, 2004

FROM:

Mike Splinter

SUBJECT: Employee E-mail Campaign on Stock Options

As you may have read recently on the Applied Matters Employee Portal, our employee stock option plan and Employee Stock Purchase Plan (ESP) are under attack from the Financial Accounting Standards Board FA SBB).FA SBB is trying to force all companies to expense stock option and employee stock purchase plans on their profit and loss statement

(commonly referred to as P&L or Consolidated Statement of Operations). If implemented, these changes would create financial uncertainty on our Consolidated Statement of Operations. This accounting change would make it very expensive for companies such as ours that offer broad-based employee stock plans. We need to protect the viability of these incentives and the essential role they play in our corporate culture.

That's where you come in. It is essential that we convey the personal impact that this accounting change would have on our employees. Please consider joining our fight against this proposal by sending an e-mail toFA SBB and sharing personal stories about how you and your family have benefited from participation in our stock option and/or ESP programs. Real-life examples will help make our case to FA SB that its proposed accounting change will have a significant negative economic impact on America's work force.

In addition to sharing the personal impact of these programs, I encourage you to consider the following ideas on competitiveness and accounting when drafting your e-mail to FA SB.

- These employee incentives have effectively tied employee performance to shareholder return in a way that no other incentive can match.
- Stock options have helped Applied Materials attract and retain the highly-skilled workers necessary in our globally competitive industry.
- As we move forward in an increasingly competitive world, the United States should not decrease the utility of these incentives while our technological competitors, particularly in China and Taiwan, are increasing their use of stock and stock options. We believe stock options have contributed to unprecedented levels of innovation.
- It is impossible to predict the future value of employee stock options, particularly since they are not tradable or transferable and have varied vesting schedules. Adding a "guesstimate" to our Consolidated Statement of Operations (P&L) will not improve clarity or accuracy for our investors. These numbers properly belong in their current location in the footnotes.
- FA SB is assuming that employee stock options are employee compensation, over which stockholders have no control. That is not true because in almost all cases the NYSE and NASDAQ require that companies receive the approval of their stockholders before they issue employee stock options. Stockholders are willing to forgo a piece of their company because they believe that the employees will put in extra effort and go "above and beyond," which ultimately may increase the value of their investment.
- Per FA SB's proposal, companies will be required to take a hypothetical charge against earnings, instead of recording a real expense that has occurred and can be accurately measured.
- The current accounting rules already work because companies must compute how
 much dilution of the stockholders' interests is caused by "in the money" employee
 stock options, and this is factored into all companies' earnings per share (EPS)
 calculation. Unless the stock price increases and the option vests, it has no "cost" to
 stockholders because the option is worthless.

Please draft your own personalized letter in order to have the greatest impact on the FA SB decision-making process. Your e-mail should be addressed to Director@FA SB.org and sent before FA SB's June 30, 2004 deadline.

If you have further questions on FA SB's proposal to expense stock options and ESPPs and the ongoing Congressional response, please reference our coalition's Web site, http://www.savestockoptions.org